

Message Text

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 INR-05 SP-02 PM-03 EB-03 PRS-01

L-01 RSC-01 NSC-05 NSCE-00 CIAE-00 DODE-00 /042 W

----- 038831

P R 300516Z NOV 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 3565

INFO AMCONSUL HONG KONG

AMEMBASSY TOKYO

USLO PEKING

CINCPAC HONOLULU HI

USTDC TAIPEI TW

S E C R E T SECTION 1 OF 2 TAIPEI 7109

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, PINT, TW, CH

SUBJECT: ASSESSMENT OF LIKELY ROC REACTION TO FORD VISIT TO PEKING

CINCPAC FOR POLAD

TDC FOR J-22

REF: A. TAIPEI 6991; B. STATE 256021; C. TAIPEI 3596 (1971)

1. BEGIN SUMMARY: FOLLOWING IS PREDICTIVE, SHORT-TERM ESTIMATE OF WHAT WE SEE AS LIKELY ROC REACTION OVER NEXT FEW MONTHS TO NEWS THAT PRESIDENT FORD WILL VISIT PRC IN 1975. IT IS INTENDED TO PROVIDE OUR BEST ASSESSMENT, AT THIS POINT IN TIME, OF HOW GOVERNMENT AND KEY SEGMENTS OF COMMUNITY ARE LIKELY TO BEHAVE IN WEEKS AND MONTHS AHEAD. WE WILL , OF COURSE, REPORT AND ANALYZE DEVELOPMENTS AND TRENDS AS THEY OCCUR, AND WILL UPDATE THIS ESTIMATE EARLY IN 1975.

2. IN BRIEF, WE EXPECT NO PANIC BUT CONSIDERABLE WORRY. BULK OF POPULATION WILL CONTINUE TO REMAIN PASSIVE BUT VIEW, AMONG POLITICALLY SOPHISTICATED ELEMENTS, THAT US RECOGNITION

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OF PEKING IS INEVITABLE WILL BE REINFORCED AND MANY, UNLESS US INDICATES OTHERWISE, WILL EXPECT THAT EVENT TO TAKE PLACE

DURING FORD VISIT. PROBABLY THERE WILL BE LITTLE ACTUAL DISINVESTMENT, EITHER BY DOMESTIC OR FOREIGN INVESTORS, BUT SOME PRESSURE TO MOVE OUT OF TAIWAN AND A POSTPONEMENT OF SOME PLANNED INVESTMENT MAY OCCUR, ADDING TO GOVERNMENT'S ALREADY SEVERE ECONOMIC PROBLEMS. EMIGRATION PRESSURES WILL INCREASE.

3. AS TIME GOES ON, GOVERNMENT WILL PRESS FOR OFF-SETTING US GESTURE OF REASSURANCE, DOUBTLESS INCLUDING RESTATEMENT THAT SECURITY COMMITMENT CONTINUES IN EFFECT. DURING HIS DECEMBER 3 CALL ON SECRETARY, AMBASSADOR SHEN MAY WELL COME ARMED WITH LETTER FROM CCK MAKING POINTS CITED PARA FIVE REF A. IN ANY CASE, GROC WILL REDOUBLE ITS LOBBYING EFFORTS WITH CONGRESS AND WITH OTHER PUBLIC GROUPS IN US. USG REACTION TO REQUESTS FOR LOANS AND MILITARY HARDWARE WILL BE CAREFULLY SCRUTINIZED FOR SIGNS OF ULTIMATE US INTENTIONS. WE THINK THERE WILL BE NO CHANGE IN GROC REFUSAL TO NEGOTIATE WITH PRC, BUT INCREASED POSSIBILITY OF EXPLORATORY CONTACT WITH RUSSIANS. INTERNALLY, SECURITY WATCH AND MEDIA CENSORSHIP WILL PROBABLY TIGHTEN.

4. WE WISH TO EMPHASIZE THAT DEPTH OF REACTION WILL DEPEND VERY CONSIDERABLY ON (A) HOW LOCAL ECONOMIC SITUATION DEVELOPS OVER NEXT FEW MONTHS; AND (B) POSTURE OF US TOWARD ROC. DECISIONS ON EXIM FINANCING AND OTHER LOAN REQUESTS, AS WELL AS RESPONSES ON MILITARY ITEMS WILL BE SCRUTINIZED CAREFULLY. ABOVE ALL, WILLINGNESS TO OFFER REASSURING STATEMENTS AND GESTURES, PARTICULARLY IN CONNECTION WITH SECURITY COMMITMENT, WILL HAVE VERY GREAT EFFECT ON MOOD OF BOTH GOVT AND PEOPLE. WE DO NOT WISH TO SUGGEST THAT EVEN IF THE POLITICALLY AWARE ON TAIWAN COME TO CONCLUSION THAT FORD VISIT EQUALS RECOGNITION OF PEKING, SITUATION HERE WILL INEVITABLY DETERIORATE. AS REPORTED PREVIOUSLY, EVEN IN THOSE CIRCUMSTANCES, PROVIDED THEY ARE GIVEN REASSURANCES ON ECONOMIC AND DEFENSE ACCESS, AND ON SOME FORM OF SECURITY GUARANTEE, WE ANTICIPATE GOVT AND PEOPLE WILL BE ABLE TO ADJUST TO A NEW EQUILIBRIUM ALTHOUGH THE ADJUSTMENT PROCESS WOULD BE CONSIDERABLY COMPLICATED BY ADVERSE ECONOMIC CONDITIONS. END SUMMARY.

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5. THIS MESSAGE ATTEMPTS SECTOR ANALYSIS OF LIKELY REACTION AND BEHAVIOU OF GROC AND KEY ELEMENTS ON TAIWAN, FOLLOWING NEWS THAT PRESIDENT FORD WILL VISIT PRC IN 1975. REACTION PATTERN, IF PAST IS CLUE TO PRESENT (SEE REF C), WILL FLOW THROUGH PHASES AND WE CONFINE THIS PREDICTIVE ASSESSMENT TO NEXT THREE-FOUR MONTHS. IN ADDITION TO REPORTING AND ANALYZING TRENDS AS THEY OCCUR, WE WILL UPDATE AND CORRECT THIS INITIAL ESTIMATE EARLY IN 1975.

6. GENERAL: BROADEST, MOST COMMONLY FELT EFFECT OF ANNOUNCEMENT WILL BE TO REINFORCE THE VIEW AMONG POLITICALLY SOPHISTICATED ELEMENTS OF SOCIETY THAT US DIPLOMATIC RECOGNITION OF PRC IS NOW INEVITABLE. UNLESS US INDICATES TO CONTRARY, MANY WILL ASSUME RECOGNITION WILL TAKE PLACE DURING PRESIDENT'S VISIT TO PEKING. WHILE WE DO NOT EXPECT ANYTHING APPROACHING PANIC, IMPACT AND WORRY LEVEL WILL BE EXCEEDINGLY HIGH DURING NEXT FEW DAYS, MODERATING AS PRESS (UNDER GOVERNMENT INSTRUCTIONS) SEEKS TO REASSURE POPULACE, AND AS CONDITIONING PROCESS TAKES HOLD. DEPTH OF REACTION WILL BE CONSIDERABLY AFFECTED BY HOW US BEHAVES IN PERIOD PRIOR TO FORD VISIT, AND BY STATE OF TAIWAN'S ECONOMY.

7. BUSINESS COMMUNITY: AS NOTED REF A, ECONOMIC DOWNTURN HAS TAKEN SOME RESILIENCE OUT OF THE BUSINESS COMMUNITY, HERETOFORE ONE OF THE KEY STABILIZING ELEMENTS OF SOCIETY. PROSPECT OF FORD VISIT WILL ADD TO WORRIES ABOUT FUTURE. WHILE WE DO NOT EXPECT THIS WILL LEAD TO ANY SIGNIFICANT LEVEL OF DISINVESTMENT, POSTPONEMENT OF PLANNED INVESTMENT AND ATTEMPTS TO MOVE ASSETS OFF ISLAND ARE QUITE LIKELY. THIS WILL ADD TO GOVERNMENT'S PROBLEMS IN DEALING WITH THE ECONOMIC SITUATION. IF EXPORT ORDERS DO NOT PICK UP IN THE FIRST FEW MONTHS OF 1975, AND THERE ARE NO INDICATIONS AT PRESENT THAT THEY WILL, SOMETHING OF A MOOD OF IMPENDING DOOM MIGHT BE ENGENDERED. DISSATISFACTION WITH GOVERNMENT ECONOMIC PERFORMANCE COULD THEN BECOME TRANSLATED INTO POLITICAL PRESSURES ON GOVERNMENT TO DEMONSTRATE THAT TAIWAN STILL HAS A VIABLE FUTURE -- BUT SUCH PRESSURES ARE STILL CONSIDERABLY DOWN THE PILE. LIKE ALMOST ALL OTHER SEGMENTS IN SOCIETY, THERE WILL BE AN INCREASE IN BUSINESS COMMUNITY EFFORTS TO PREPARE BOLT HOLES OVERSEAS, BUT AT LEAST INITIALLY IT WILL BE

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CHILDREN AND SPOUSES FOR WHOM VISAS (PARTICULARLY TO US) ARE SOUGHT.

8. THE BUREAUCRACY: THE BUREAUCRACY (GOVERNMENT AT LESS

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THAN THE POLICY-MAKING LEVEL) AS A GROUP MAY BE EXPECTED TO LOSE SOME OF ITS ELAN. THE INITIAL FEELING WILL BE ONE OF PRIVATE PESSIMISM AND FOREBODING, BUT THE BUREAUCRACY IS RATHER MORE INSULATED FROM THE CURRENT ECONOMIC DOWNTURN THAN ARE OTHER ELEMENTS IN SOCIETY, AND IT THEREFORE IS LIKELY TO RECOVER SOMEWHAT MORE RAPIDLY. WE FORESEE NO BREAKDOWN IN EFFICIENCY OR ABILITY TO GOVERN, ALTHOUGH HERE TOO THERE WILL BE A STEP-UP IN EMIGRATION PRESSURES.

9. TAIWANESE VS MAINLANDERS: MULTIPLE CURRENTS WILL CONTINUE TO FLOW AMONG THE POPULATION, THE BULK OF WHOM WILL CONTINUE TO REMAIN PASSIVE. THE MAJORITY VIEW, CUTTING ACROSS BOTH COMMUNITIES WILL CONTINUE TO BE ONE OF SHARED FATE AND A SHARED CONCERN THAT TAIWAN REMAIN APART FROM THE COMMUNIST MAINLAND. THE MAJORITY VIEW WILL ALSO CONTINUE TO BE THAT TAIWAN IS A HELPLESS PAWN IN THE HANDS OF THE GREAT POWERS AND THAT THE FUTURE IS BEYOND ITS CONTROL. NEVERTHELESS, THERE MAY BE SOME UPSURGE IN ORGANIZATION ACTIVITY ON THE PART OF TAIWAN SEPARATISTS AND DISSIDENT ELEMENTS, AND SOME INCREASE IN REUNIFICATION SENTIMENT (ON GROUNDS OF PROBABLY INEVITABILITY) AMONG FRINGE MAINLANDER INTELLECTUALS.

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BOTH FORMS OF ACTIVITY, SHOULD THEY OCCUR, WOULD LEAD TO SWIFT INTERVENTION BY THE SECURITY SERVICES.

10. THE MILITARY LEADERSHIP: SUSPICION OF ULTIMATE US INTENTIONS, ALREADY PRESENT IN SENIOR MILITARY CIRCLES, WILL INCREASE. THERE WILL BE INCREASED PRESSURE TO SECURE AS MUCH MILITARY HARDWARE FROM THE US AS POSSIBLE AGAINST THE DAY WHEN THE PIPELINE MAY BE SHUT DOWN. DECISIONS ON

KEY MILITARY HARDWARE REQUESTS (HARPOON, TOW, ETC.) WILL BE SEEN AS INDICATORS OF US INTENTIONS TOWARD THE ROC. ANY CHANGE IN THE PATTERN OF CONTACT, EXERCISES, VISITS, ETC. WILL BE INVESTED WITH POLITICAL SIGNIFICANCE. IN THIS ATMOSPHERE, US DECISIONS MUST BE ORCHESTRATED WITH CARE.

11. THE GOVERNMENT: INEVITABLY, CCK WILL PRESS HARD FOR A US GESTURE OF REASSURANCE, MOST LIKELY IN THE FORM OF A RESTATEMENT OF THE US SECURITY COMMITMENT AND INTENTION TO MAINTAIN DIPLOMATIC RELATIONS WITH THE ROC. WE CONSIDER IT LIKELY THAT IN HIS DECEMBER 3 CALL ON THE SECRETARY, AMBASSADOR SHEN WILL COME ARMED WITH A LETTER FROM THE PREMIER, WHICH, AS STATED IN REF A, WILL EMPHASIZE ROC FAITHFULNESS AS AN ALLY, REITERATE HOPES FOR A FULL AND FRANK DIALOGUE; AND INQUIRE AS TO SPECIFIC FURTHER STEPS PLANNED FOR THE NORMALIZATION PROCESS. SUCH A LETTER MIGHT ALSO RENEW THE PREMIER'S INVITATION FOR THE PRESIDENT AND/OR THE SECRETARY TO VISIT THE ROC. ADDITIONALLY, IT IS POSSIBLE THAT A HIGH-LEVEL SPECIAL REPRESENTATIVE'S VISIT WILL BE PROPOSED TO TEST THE WATERS IN WASHINGTON (PERHAPS VICE PRESIDENT C.K. YEN ON HIS WAY HOME FROM CENTRAL AMERICA; PERHAPS CHOW SHU-K'AI OR GEORGE YEH).

12. THE GOVERNMENT WILL FURTHER INCREASE ITS LOBBYING EFFORTS IN THE US, BOTH WITH THE CONGRESS AND WITH THE MEDIA. INVITATIONAL DIPLOMACY WILL BE STEPPED UP. IN OTHER EXTERNAL RELATIONS, WE FORESEE MORE DISCUSSION IN GOVERNMENT (INCLUDING THE MILITARY) AND AMONG INTELLECTUALS OF THE PRESUMED "SOVIET OPTION." THERE IS ALSO A POSSIBILITY OF EXPLORATORY CONTACT. WE FORESEE NO CHANGE IN ROC REFUSAL TO NEGOTIATE WITH THE PRC. THERE IS THE POSSIBILITY THAT THE PRESENT STIFF ATTITUDE TOWARD JAPAN MAY MODERATE SOMEWHAT, ALTHOUGH THIS WILL BE VERY DIFFICULT IF OHIRA IS THE NEXT JAPANESE SECRET

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PRIME MINISTER. INTERNALLY, WE EXPECT TO SEE A TIGHTENING OF SECURITY CONTROLS AND MEDIA CENSORSHIP.

13. CCK IS LIKELY TO FIND HIMSELF UNDER INCREASED PRESSURE, AND WITH HIS SCOPE FOR MANEUVER SOMEWHAT SHRUNK. AS WE HAVE SAID BEFORE, A HASTENING OF THE US-PRC NORMALIZATION PROCESS TENDS TO CALL INTO QUESTION HIS ABILITY TO SUCCESSFULLY MANAGE RELATIONS WITH THE US -- AND HE IS FULLY IDENTIFIED WITH THE POLICY OF TOTAL RELIANCE ON THE US COMMITMENT. WE DO NOT FORESEE ANY MOVE TO REPLACE HIM AS PREMIER, BUT HIS ABILITY TO ADMINISTER TOUGH MEDICINE TO KEY CONSTITUENCIES (FOR EXAMPLE, TO MAKE THE MILITARY SWALLOW A REDUCTION IN NUMBERS OR BUDGET) MAY BE LESSENED.

14. WE WISH TO EMPHASIZE THAT DEPTH OF REACTION WILL DEPEND

VERY CONSIDERABLY ON (A) HOW LOCAL ECONOMIC SITUATION DEVELOPS
OVER NEXT FEW MONTHS; AND (B) POSTURE OF US VIS-A-VIS ROC.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INTELLIGENCE ASSESSMENTS, CHIEF OF STATE VISITS, PUBLIC ATTITUDES, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 30 NOV 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TAIPEI07109
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740348-0374
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974111/aaaaaadcl
Line Count: 295
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: A. TAIPEI 6991; B. STATE 256021; C., TAIPEI 3596 (1971)
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2002 by elyme>; APPROVED <18 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSESSMENT OF LIKELY ROC REACTION TO FORD VISIT TO PEKING CINCPAC FOR POLAD
TAGS: PFOR, PINT, TW, CH, (FORD, GERALD R)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005